

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOGAN TELEPHONE)	
COOPERATIVE, INCORPORATED FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO. 98-392
NECESSITY TO CONSTRUCT A HEADQUARTERS)	
FACILITY IN AUBURN, KENTUCKY)	

O R D E R

On July 24, 1998, Logan Telephone Cooperative, Incorporated ("Logan") filed an application for a Certificate of Public Convenience and Necessity to construct a new headquarters facility in Auburn, Logan County, Kentucky.

According to the application, Logan's existing headquarters facility consists of less than 6,000 square feet of total administrative space for fifteen employees. Logan advises that there is inadequate space for customer service, storage, equipment, and personnel and that parking for customers and employees is off-street at some distance from the facility.

The new facility is to be located on 11.5 acres of land previously purchased off U.S. Highway 68 and Highway 1039 near Auburn, Kentucky. The new facility is proposed to be a brick veneer steel framed building consisting of approximately 11,000 square feet of office space for administrative and customer service purposes and approximately 2,000 square feet for central office equipment. An exterior canopy area of approximately 600 square feet for drive-up window service is also proposed. The

Commonwealth of Kentucky's Department of Housing, Buildings and Construction will review the final construction documents prior to advertising the project for competitive bidding.

The total projected cost of constructing the proposed facility is estimated to be \$2,067,000. This cost includes \$167,000 for site development work resulting in \$1,900,000 required for the office building and central office. Logan proposes to finance the construction through its general funds without incurring additional debt and does not contemplate any rate increases as a result of the construction. Upon relocation, Logan intends to sell its existing headquarters facility, excluding the equipment building portion, and deposit the proceeds in Logan's Rural Utilities Service ("RUS") construction fund account to be used for future regulated plant additions. The Commission finds that the proposed method of financing should be approved. The Commission further finds that Logan should request a waiver from RUS to place the proceeds from the sale of the existing headquarters facility in an interest bearing account rather than the construction fund account until such time as the funds are necessary. In addition, the Commission finds that the cost of any portion of the 11.5-acre property not reasonably necessary for the new facility should be booked in Account 2006, Non-operating Plant and thereby not included in Logan's future revenue requirement.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed construction is necessary and that Logan should be granted a Certificate of Public Convenience and Necessity to construct the new facility proposed herein.

IT IS THEREFORE ORDERED that:

1. Logan is granted a Certificate of Public Convenience and Necessity to construct a new headquarters facility as described in its application and this Order.
2. Logan shall request a waiver from RUS to place the proceeds from the sale of the existing headquarters facility in an interest bearing account rather than the construction fund account until such time as the funds are necessary.
3. Logan shall book the cost of any portion of the 11.5-acre property not reasonably necessary for the new facility in Account 2006, Non-operating Plant and thereby not included in Logan's future revenue requirement.
4. Should the costs of the construction authorized herein exceed the estimated costs supplied with the application, Logan shall immediately notify the Commission of the adjustment and submit an explanation of the additional cost for the Commission's approval.

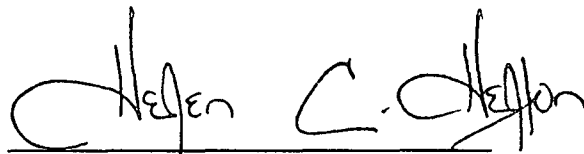
Done at Frankfort, Kentucky, this 23rd day of September, 1998.

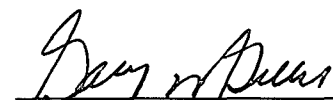
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner